

**CITY OF CALEXICO
REDEVELOPMENT AGENCY
AGENDA REPORT**

SUBJECT: U.S. Department of Commerce – Economic Development Administration Grant

AGENDA DATE: November 18, 2008

PREPARED BY: Rosalind Guerrero, RDA Director
Armando G. Villa, Development Services Director

**APPROVED FOR
AGENDA BY:** Ralph Velez, City Manager

RECOMMENDATION: Match EDA's \$3 million investment with City Transportation Infrastructure Mitigation funds and Redevelopment Agency funds

FISCAL IMPACT: There would not be a fiscal impact to the City's General Fund. The amounts identified as the proposed City's match would be funds that can only be expended for transportation/infrastructure improvements (e.g., *Prop 1B funds, Caltrans Grants, and Transportation Mitigation Fees*).

BACKGROUND INFORMATION: (Prior action/information)

February 6, 2007 – city staff met with Will Marshall, EDA Representative to discuss the submittal of an application to fund infrastructure improvements to assist in the creation of new jobs for the proposed project area of: Town Center Industrial Park, Portico Industrial Park, and the Klope Tract (refer to Exhibit A).

At this meeting, Mr. Marshall encouraged the city to submit an application based on the planned development and expansion of the city's industrial areas that would compete with southern California and eight (8) western states for the funds.

June 19, 2007 – City Council/RDA Board approved the submittal of the pre-application and city hired Hui Lai and Leon Douglas, consultants, to assist the city in the preparation and submittal of the EDA application.

August 29, 2007 – preliminary application submitted to EDA.

December 4, 2008 – Resolution adopted authorizing the submittal of a final application to EDA.

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January 15, 2008 – received invitation from EDA to submit a final application by February 11, 2008.

August 20, 2008 – received letter from EDA approving \$3 million investment. Refer to exhibit B.

The formal agreement to accept the \$3 million dollar investment from EDA to the City has been signed and accepted. The city has two years to start construction of the infrastructure improvements from the date of award. Engineering design and bidding of the project, and award of contract must be completed prior to August 20, 2010. A two year period is allowed for the completion of the infrastructure improvements. Construction must be completed no later than August 2012.

Job creation/new business development/annual reports:

The City of Calexico will be required to submit annual reports to EDA tracking the number of new jobs created as a result of EDA's investment to the project area. The reporting period is for a period of nine (9) years and will include reports on all new construction creating jobs within the project area.

Match requirements:

The project area infrastructure investment has been estimated to be approximately \$6,105,216.00. This includes streets, traffic signals, sewer & water lines and all necessary improvements to render the area free of infrastructure constraints and therefore make it attractive for the future creation of economic benefits. The Federal Government has awarded the city with a \$3M Grant and the city's match would be \$3+ million dollars. The city has identified a strategy that would allow us to utilize existing transportation funds, grants, and other fees that have been collected (*and will be collected*) to mitigate traffic congestion in the past to assist with the city's match. Staff believes the use of these funds would be an appropriate use for this economic development approach. The fund breakdown is as follows.

EDA Federal Grant	\$3,000,000.00
RDA Special Infrastructure Fee Allocation	\$ 569,905.00 *
Future Development Fairshare Fees	\$ 775,438.00 **
Collected Fairshare Fees	\$ 367,000.00
Caltrans HSIP Grant (<i>with city match</i>)	\$ 450,000.00
Prop 1B (<i>Second Portion</i>) Full Allocation	\$ 569,875.00*
Prop 1B (<i>First Portion</i>) Partial Allocation	\$ 372,998.00
Total	\$6,105,216.00

* *These amounts may be reimbursed by the establishment of a Benefit Area District to assess those undeveloped properties within the project area that would receive direct benefit. A per-acre fee upon issuance of building permit would be established.*

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*** These amounts would be collected from Towncenter Industrial upon issuance of a Final Map (excluding none EDA participating items)*

Pros:

Matching EDA's investment will further the city's economic development efforts in providing infrastructure improvements to encourage development of vacant parcels in the project area. This will in turn stimulate vertical construction of buildings, hiring opportunities, increase property taxes to the city and tax increment to the Agency.

Con:

Should the city not match EDA's investment and decline the \$3 million dollar grant, the city will be unable to request EDA funding assistance for an approximate period of 5 years. The city in 2002 received funding for an incubator project and did not follow through. I personally experienced the wrath of Mr. Marshall while attending an EDA Regional conference held in San Diego. Although I did not participate in the application process in 2002, as a city employee, Mr. Marshall let me know of his discontent towards the City's failure to proceed with the grant award. (refer to Exhibit C)

RECOMMENDATION:

Staff respectfully requests your authorization to allocate funds as identified to be used as a match for EDA's investment of \$3 million dollars.

ATTACHMENT:

Exhibit A – maps

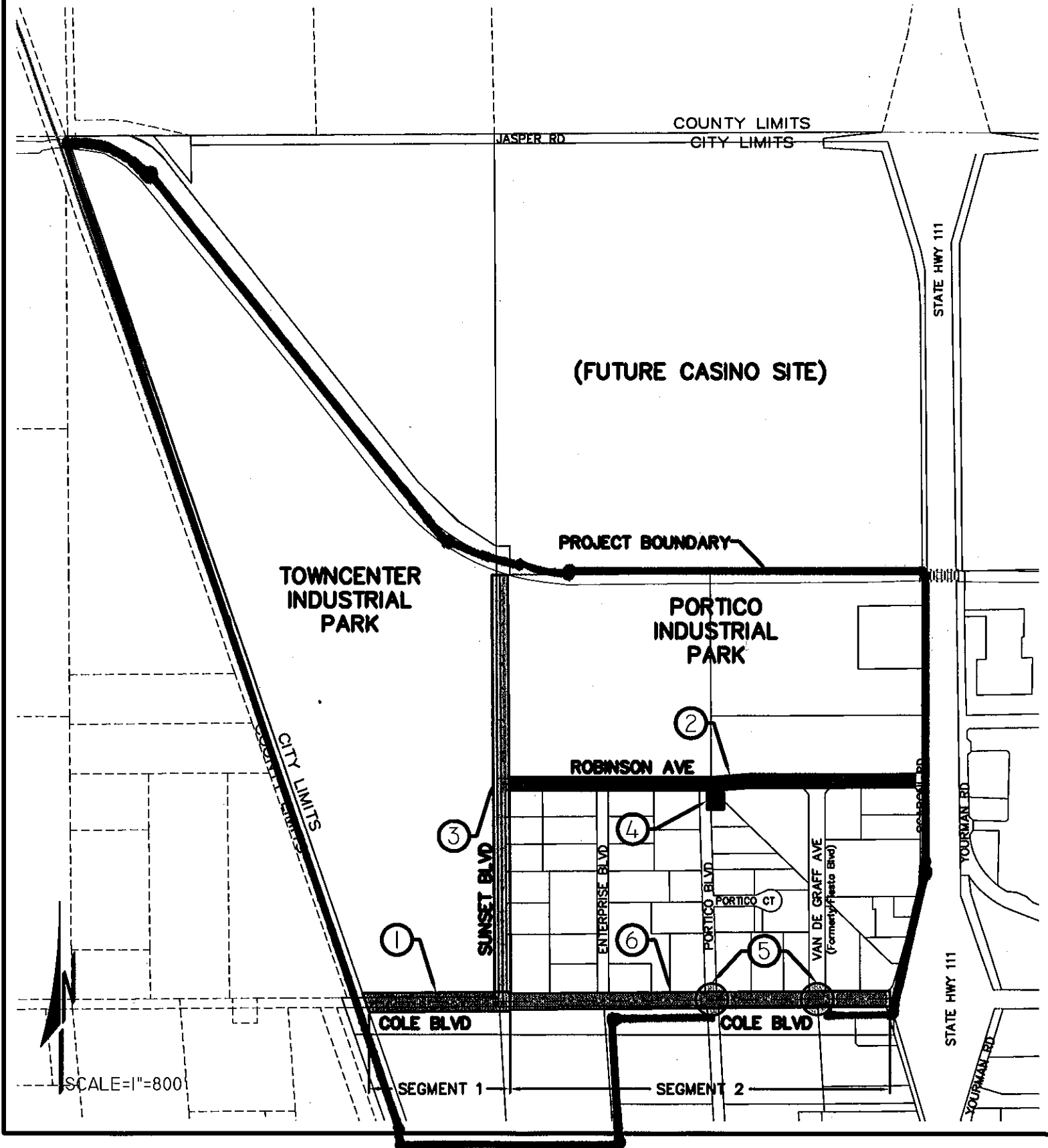
Exhibit B – EDA award letter

Exhibit C – staff memorandum dated 9/17/02

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EXHIBIT 'A'



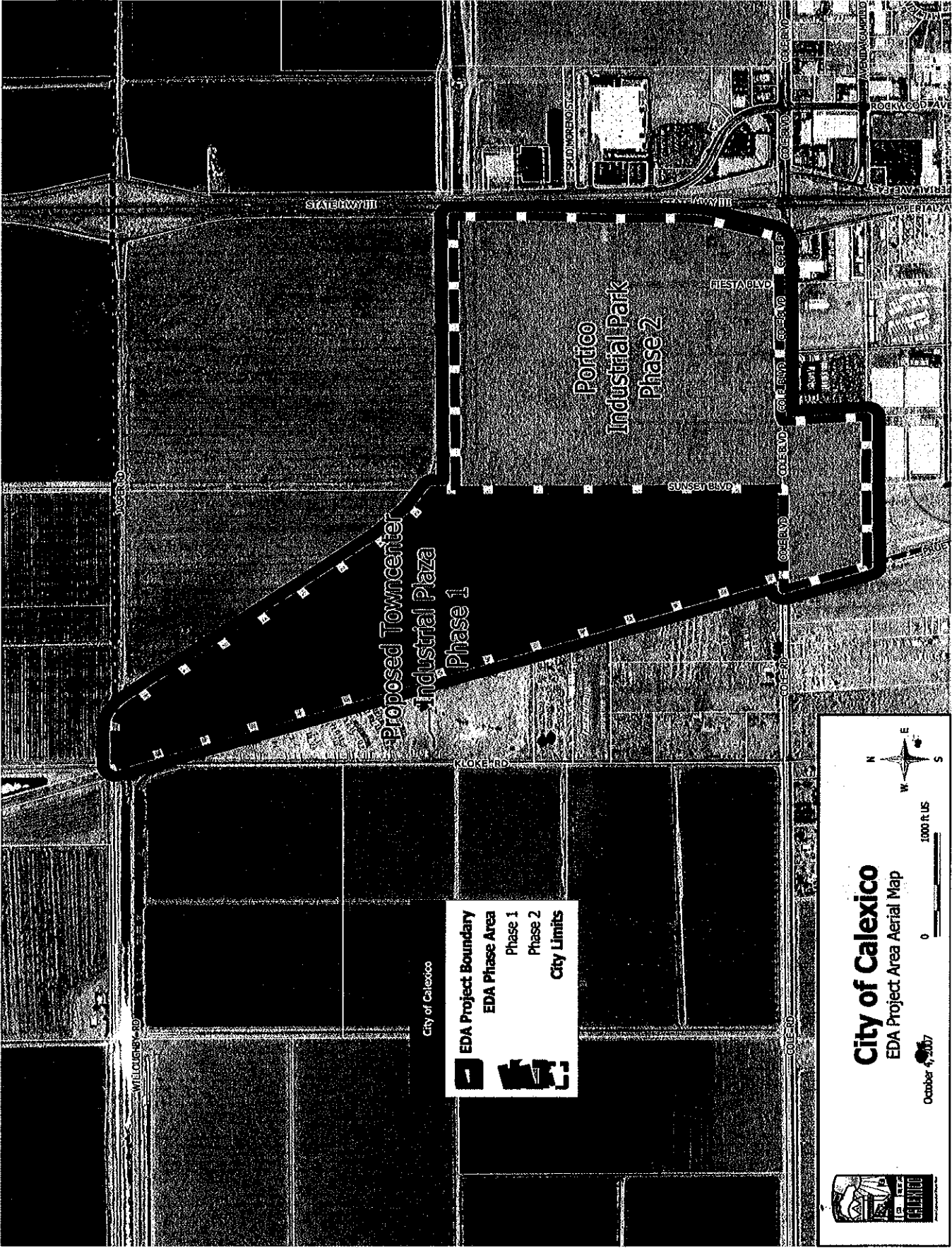


Exhibit B -1

AUG 20 2008



U.S. DEPARTMENT OF COMMERCE

Economic Development Administration
Jackson Federal Building, Room 1890
915 Second Avenue
Seattle, Washington 98174
Fax: (206) 220-7669

In reply refer to:

Investment No.: 07-01-06185

Mr. Ralph Velez
City Manager
City of Calexico
608 Heber Avenue
Calexico, California 92231

Dear Mr. Velez:

I am pleased to inform you that the Department of Commerce's Economic Development Administration (EDA) has approved your application for a \$3,000,000 EDA investment to construct infrastructure improvements to serve the development of the Town Center Plaza and the Portico/Kloke sites.

Enclosed are three signed originals of the Financial Assistance Award. Your agreement to the terms and conditions of the award should be indicated by the signature of your principal official on each of the signed original Financial Assistance Award. Two of the executed copies should be returned to A. Leonard Smith, Regional Director, ATTN: JoAnn Smith, EDA Seattle Regional Office, 915 Second Avenue, Room 1890, Jackson Federal Building, Seattle, Washington 98174. If not signed and returned within 30 days of receipt, EDA may declare the Award null and void.

Please do not to make any commitments in reliance on this award until you have carefully reviewed and accepted the terms and conditions. Any commitments entered into prior to obtaining the approval of EDA in accordance with its regulations and requirements will be at your own risk.

EDA's mission is to lead the federal economic development agenda by promoting innovation and competitiveness, preparing American regions for growth and success in the worldwide economy. EDA implements this mission by making strategic investments in the nation's most economically distressed communities that encourage private sector collaboration and creation of higher-skill, higher wage jobs. EDA investments are results driven, embracing the principles of technological innovation, entrepreneurship and regional development.

I share your expectations regarding the impact of this investment and look forward to working with you to meet the economic development needs of your community.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Leonard Smith".

A. Leonard Smith
Regional Director

Enclosures

FINANCIAL ASSISTANCE AWARD

ACCOUNTING CODE

RECIPIENT NAME **City of Calexico**

AWARD NUMBER

07-01-06185STREET ADDRESS **608 Heber Avenue**FEDERAL SHARE OF COST \$ **3,000,000**CITY, STATE, ZIP CODE **Calexico, California 92231**RECIPIENT SHARE OF COST \$ **3,105,217**AWARD PERIOD **From date of approval shown below through 60 months**TOTAL ESTIMATED COST \$ **6,105,217**DEPARTMENT OF COMMERCE OPERATING UNIT **Economic Development Administration**AUTHORITY **42 U.S.C. Section 3141, et seq. Public Works and Economic Development Act, as amended by Public Law 108-373.**CFDA NO. **11.300** PROJECT TITLE: **Public Works and Economic Development Facilities Program**

BUREAU	FCFY	FUND	PROGRAM CODE	BUDGET SUBACTIVITY	OBJECT 1	CLASS EXPEND	ENTITY
20	08	40	01	210	41	10	22

This Award approved by the Grants Officer is issued in triplicate and constitutes an obligation of federal funding. By signing the three documents, the Recipient agrees to comply with the Award provisions checked below and attached. Upon acceptance by the Recipient, two signed Award documents shall be returned to the Grants Officer and the third document shall be retained by the Recipient. If not signed and returned without modification by the Recipient within 30 days of receipt, the Grants Officer may unilaterally terminate this Award.

- ☒ EDA Standard Terms and Conditions Public Works and Implementation Construction Components, dated 12/2007
- ☒ Special Award Conditions and Attachments
- ☒ Line Item Budget
- ☒ 15 CFR Part 24, Uniform Admin Requirements for Grants/Cooperative Agreements to State & Local Governments
- ☒ OMB Circular A-87, Cost Principles for State and Local Governments and Indian Tribal Governments
- ☒ OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations
- ☐ 15 CFR, Part 14, Uniform Administrative Requirements for Grants and Agreements with Institutions of Higher Education, Hospitals, Other Nonprofit, and Commercial Organizations
- ☐ OMB Circular A-122, Cost Principles for Nonprofit Organizations
- ☐ OMB Circular A-21, Cost Principles for Educational Institutions
- ☐ EDA Standard Terms and Conditions Capacity Building Programs
- ☐ Department of Commerce Financial Assistance Standard Terms and Conditions, dated 01/05

SIGNATURE OF DEPARTMENT OF COMMERCE GRANTS OFFICER

NAME **A. Leonard Smith**
TITLE **Regional Director**DATE
08/20/2008

SIGNATURE OF AUTHORIZED RECIPIENT OFFICIAL

TYPED NAME AND TITLE
Ralph Velez, City ManagerDATE
09-10-2008

CITY MANAGER'S OFFICE
MEMORANDUM

TO: Richard Inman, City Manager
FROM: Rosalind Guerrero, Asst. to the City Manager
SUBJ: EDA REGIONAL CONFERENCE REPORT
DATE: September 17, 2002

On September 4 through 7, 2002, I had the opportunity to attend the EDA conference held in San Diego. The speakers and workshops were both motivating and educational on types of projects EDA will fund.

Retail projects are not priority, industrial and technological projects are!

EDA will work with agencies that have previously received funds and have finished a project. Funds must assist persistent and severe economic distress.

EDA is looking for projects that will create jobs in 3, 6, and 9-year impacts. Also looking for jobs that pay a higher salary than the average for the local area.

Ratio for EDA \$'s to jobs created is a minimum of \$10,000 to 1; lower EDA \$'s (\$3,000 to 1) is better. Private sector investment is a must!

Prior to submitting a project, agency must work with the assigned EDA representative. EDA rep assists in the basic planning of the project, provides feedback, assists in developing the concept, and determines if project has the potential for EDA funding. The EDA rep is an advocate for the project.

Applications will only be accepted if the EDA rep recommends the project. Once invited to submit a pre-application, the agency must be ready to submit within 30 days of invitation.

Pre-applications are reviewed by the Investment Review Committee in Seattle, Washington, and recommended to Washington DC. Washington has the final approval.

I had the opportunity to meet with Mr. William Marshall, EDA Rep for southern California. It appears Mr. Marshall is not happy with Callexico regarding the 'incubator project'. He felt it was a good project, and apparently Callexico did not follow-through.

It appears the City 'burned a bridge' with Mr. Marshall, and mending is needed in order to again establish a relationship with EDA. Until this is done, the city has no credibility with EDA.

cc: Ralph Morales, Interim CED Director